



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

August 24, 1998

UP Is Reporting Good News Across The Board. Although regulatory orders have recently exempted the Union Pacific Railroad (UP) from having to make details about their congestion performance measures public, demand from customers and the press has led UP to reconsider a half-month silence in reporting its performance. On August 19, UP reported good news **almost** across the board. It has made progress in curbing its summer congestion in intermodal rail service in and out of southern California ports. Its coal service has been steady and at the strongest levels in months, and more trains have been running on time across the Western United States. UP had not made rail-service performance measures public since July 27, when it gave its last weekly report to the Federal Surface Transportation Board (STB) before that agency declared an end to UP's nearly year-long congestion crisis. UP will continue to operate under special orders until September, after which the railroad must continue to report to the STB but will no longer have a public-reporting requirement. UP's August 19 report included performance details for the weeks of July 31, August 7, and August 14. The report shows that the company is not up to pre-crisis levels of some key performance indicators, but there has been substantial improvement during recent months. UP said it "continues to make steady progress" to unclog a congestion backlog that flared up there (southern California) earlier this summer and caused trains to stop across Arizona, New Mexico, and Texas. It also said the number of trains being held on all routes into the Los Angeles basin was dropping. Its West Colton rail yard had boosted the number of railcars it sorts daily, and the number of backlogged containers awaiting UP rail service in the adjacent Long Beach and Los Angeles port areas had fallen from 3,030 on August 4 to 1,699 on August 14. (*Bridge News*)

Global Markets and Grain Demand. Despite the damage caused by recent flooding in China, reports show that any increased demand for exports of U.S. wheat, corn, or soybeans is unlikely. At the time of the flooding, much of the wheat crop produced in central China had already been harvested. Reports also show that China's corn crop was not critically affected by the flooding, nor were soybeans, which tend to be planted on higher ground. The situation is much more severe in North Korea, where 2 months of hail, floods, landslides, and tidal waves have decreased the production of rice, corn, and other crops by up to 60 percent. In the meantime, Japan's demand that the U.S. provide cleaner wheat will not likely jeopardize U.S. trade with that country. Neal Fisher, North Dakota Wheat Commission, states, "It's part of the competitive process. Canada and Australia are offering that (level), we have to, too." So far, Japan is pleased with U.S. efforts. According to the Commission, the U.S. comprises about 54 percent of Japan's wheat imports, while Canada remains at 26 percent, and Australia at 20 percent. Recent reports indicate that it is likely India may have paid about \$11 million too much for a March purchase of Australian wheat, compared to a purchase by Egypt of similar quality wheat during the same period. The U.S. cannot participate in such sales, due to India's specifications for tolerance levels of mycotoxins. Disease may also be blamed on the loss of U.S. wheat sales to Brazil. A verbal pact in May, between U.S. and Brazilian officials was jeopardized by Brazil's scientific advisor at that time, Jose Tadeo, who cleared U.S. wheat from TCK smut but later included other wheat diseases as concerns. Currently, the departure of Tadeo from his scientific post has left negotiations between the two countries unclear. There are reports that Jordan may seek U.S. wheat under the GSM credit program, which provides a USDA guarantee for loans made by commercial lenders if the importers should default. Jordan has been provided \$50 million in credits during fiscal 1998. Finally, USDA has provided export credit guarantees to Vietnam, for the first time. Reports show that U.S. agricultural exports to Vietnam were \$41 million in 1997. (*Reuters, AP, Bridge News*)

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See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Sep-98		Nov-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	6,508	92%	5,205	66%
UP-GCAS	5,400	0%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-98	Sep-98	Oct-98	Nov-98
BNSF-COT	\$132	\$158	\$190	\$172
CP-GEEP	\$130	\$165	\$126	\$145
UP-Pool	\$176	\$208	\$236	\$161

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-98	Dec-98	Jan-99
COT/N. Grain	no offer	\$2	\$2
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	\$144	\$75	no offer
GCAS/Region 4	\$240	\$40	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
8/20/98	St. Louis	twk	180
	Lower Ohio River	twk	170
		Sept.	185
	Mid. Miss.	nwk	180
		Oct.	250
	Illinois River	Sept.	195

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

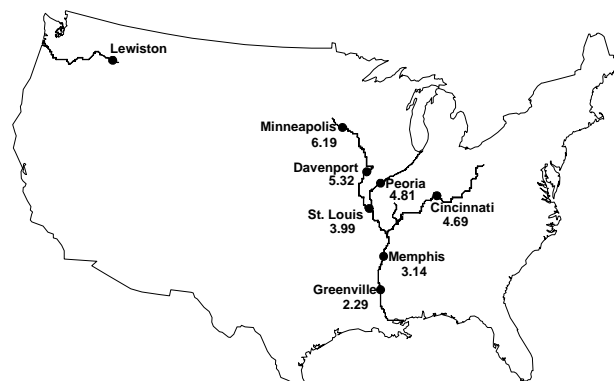
twk=this week
nwk=next week

Southbound Barge Freight Spot Rates

	8/19/98	8/12/98	Sept. '98	Nov. '98
Twin Cities	210	200	238	271
Mid-Mississippi	172	155	204	213
Illinois River	165	153	195	196
St. Louis-Cairo	165	145	182	178
Lower Ohio	148	138	190	193
Cairo-Memphis	160	140	179	175

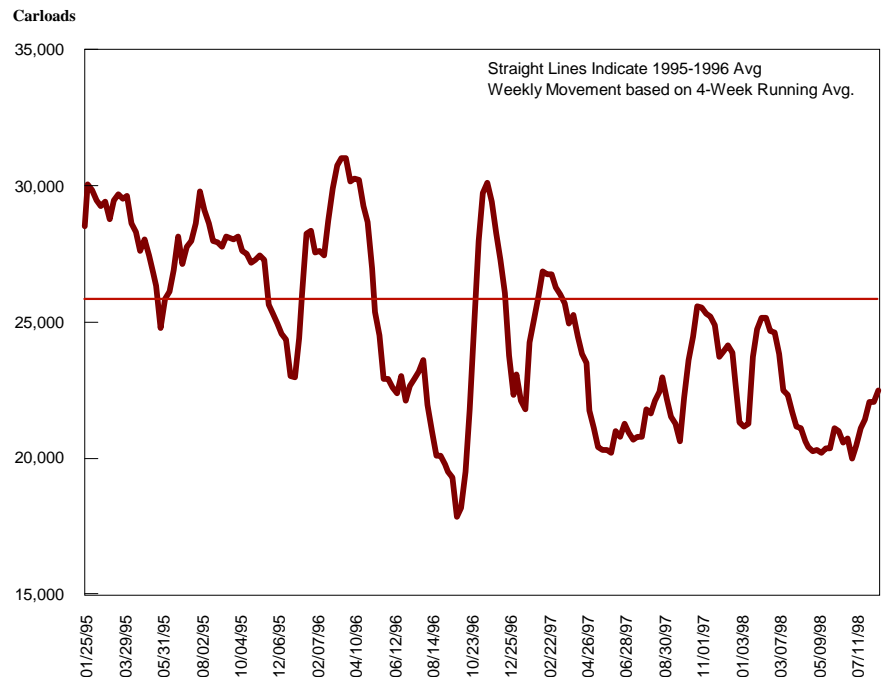
Source: Transportation & Marketing /AMS/USDA
nq- no quote

Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
8/1/98	21,821
8/8/98	21,839
8/15/98	23,698
Year to Date - 1998	703,923
Year to Date - 1997	737,230
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

			East			West		Canada	
	Conrail	CSXT	IC	NS		BNSF	KCS	UP	CN CP
08/15/98	600	2,114	1,767	2,165		8,581	659	7,812	2,027 4,194
This Week Last Year	476	1,560	1,399	1,874		8,719	399	6,797	3,310 4,826
1998 YTD	22,437	74,025	48,497	80,239		254,786	20,251	203,688	71,785 130,102
1997 YTD	15,618	71,748	48,652	75,547		249,393	21,254	250,384	103,662 161,997
1996 Total	31,733	111,509	48,695	131,568		432,687	30,009	439,865	129,714 181,387
1995 Total	37,851	133,755	61,612	139,043		410,274	34,393	447,786	

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

August 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,450	\$13.16	\$0.44
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,600	\$12.77	\$0.45
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

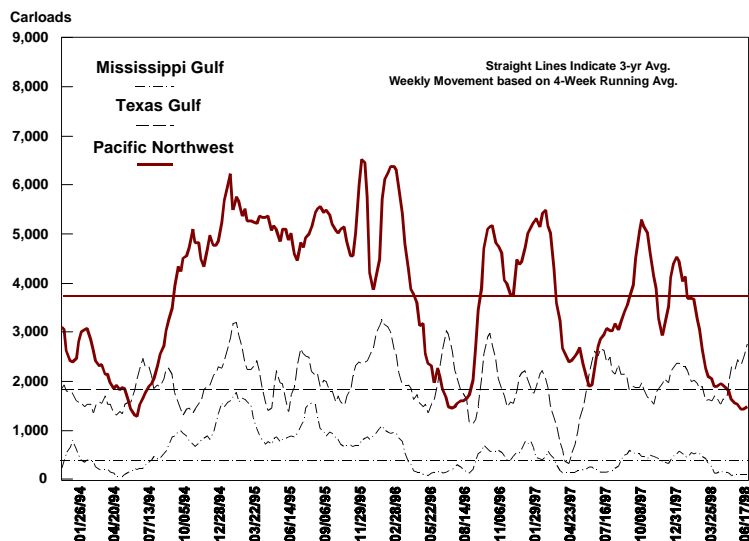
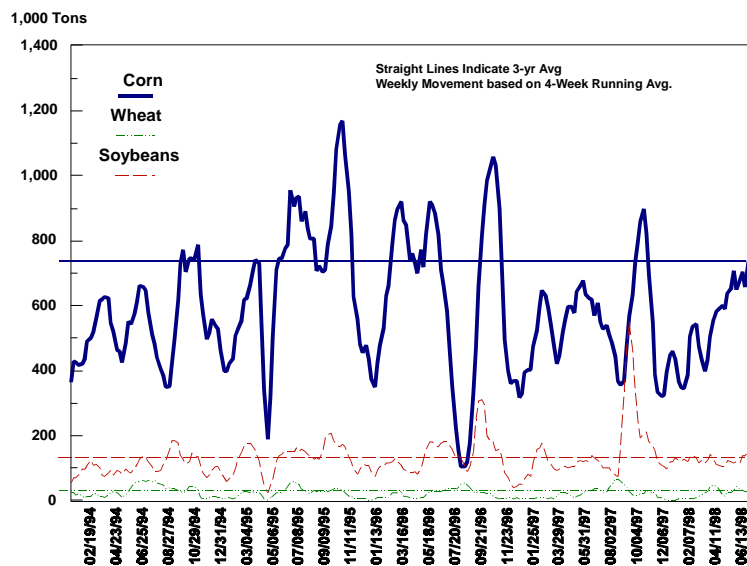
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/29/98	150	3,154	1,631	26
08/05/98	63	2,770	1,675	6
08/12/98	300	2,352	1,671	46
YTD 1998	9,922	66,905	84,579	6,654
YTD 1997	11,912	52,624	118,857	4,055
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port**Barge Movements - Locks 27****Barge Grain Movements**

for week ending 08/15/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	459	30	63	555
Winfield, MO (L25)	601	32	96	734
Alton, IL (L26)	830	34	166	1,034
Granite City, IL (L27)	784	38	187	1,014
Illinois River (L8)	214	0	88	302
Ohio (L52)	15	15	8	58
Arkansas (L1)	3	26	0	29
1998 YTD	17,927	1,535	4,903	26,316
1997 YTD	18,148	1,425	4,476	26,218
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
08/13/98	1,520	448	1,057	782	212	4,120	7,702	3,415	15,237
This Week Year Ago	2,308	994	1,100	787	364	5,552	8,268	6,993	20,813
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	2,561	363	1,229	707	148	5,004	35,037	23,990	64,031
96/97 YTD	2,037	1,321	1,269	902	263	5,792	42,289	23,875	71,956
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/20/98	420	0	8	126	618	124	116	0	0
1998 YTD **	5,999	3,322	409	3,290	18,086	8,331	4,522	254	624
1997 YTD **	7,018	7,164	930	3,363	18,178	9,748	2,877	950	428
% of Last Year	85%	46%	44%	98%	99%	85%	157%	27%	146%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

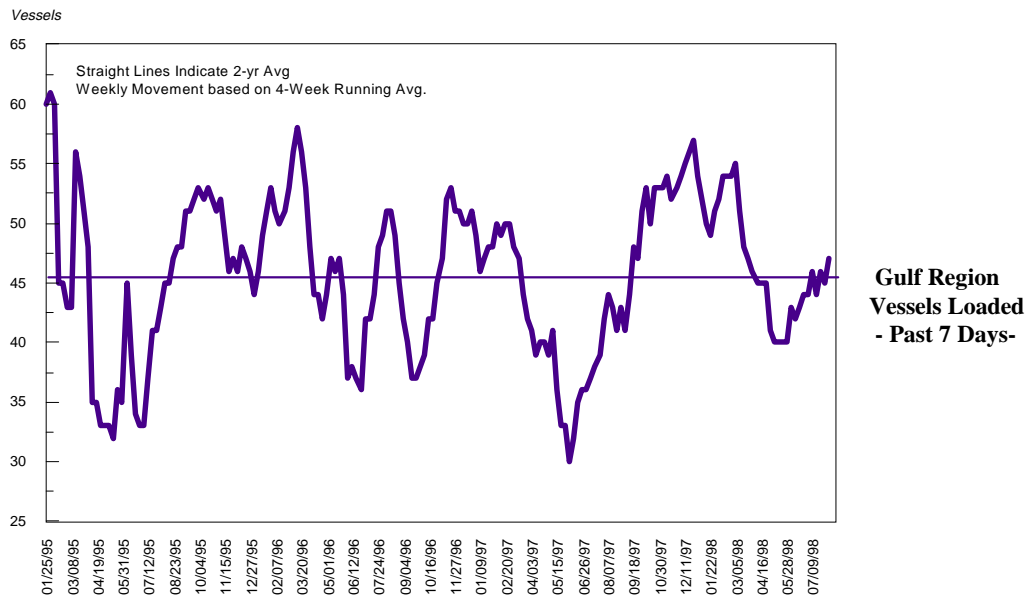
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

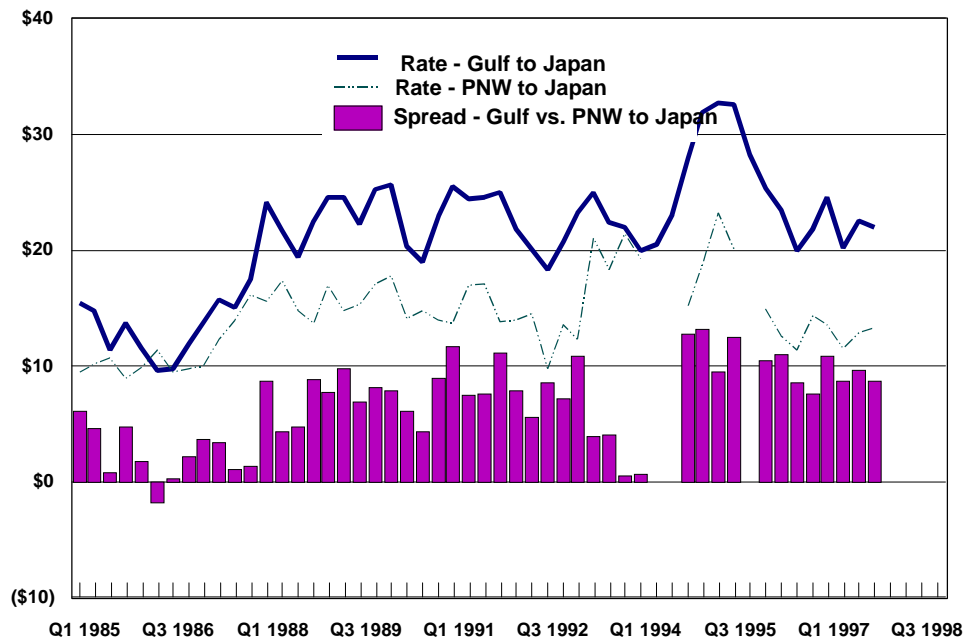
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 08/20/98			
Vancouver	189	40	0
Prince Rupert	0	0	0
Prairie Direct	8	2	2
Thunder Bay	36	0	0
St. Lawrence	24	105	0
1998 YTD Exports	380	147	2
1997 YTD Exports	808	263	169
% of Last Year	47%	56%	1%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded <u>7-Days</u>	Due Next <u>10-Days</u>	In Port	Loaded <u>7-Days</u>	Due Next <u>10-Days</u>	In Port	Loaded <u>7-Days</u>	Due Next <u>10-Days</u>
08/13/98	29	49	58	13			4	6	0
08/20/98	38	53	49	11			10	7	5
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 1 st Qtr	1997 1 st Qtr	% Change		1998 1 st Qtr	1997 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	Argentina to			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Egypt Med	Heavy Grains	August	55,000	\$7.50
Gulf	Chittagong (Bangladesh)	Wheat	August	25,000	\$19.75
Gulf	So. Korea	Heavy Grains	August/September	41,000-52,000	\$11.75
Gulf	Japan	Heavy Grains	August/September	38,000-54,000	\$12.00-12.75
Gulf	China	Heavy Grains	August	52,000	\$12.00
Brazil & River Plate	Lisbon/Hamburg	Grains	Prompt	30,000	\$12.75
River Plate	Japan	Heavy Grains	August	27,000	\$21.00
River Plate & Brazil	China	Heavy Grains	September	50,000	\$13.50
Southampton	Italy	Wheat	August	25,000	\$12.35

Source: Maritime Research Inc.